

**Senate Bill No. 662**

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Passed the Senate May 9, 2013

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*Secretary of the Senate*

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Passed the Assembly August 22, 2013

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2013, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Sections 8690, 8691, 8692, 8697, and 8697.3 of, and to repeal Sections 8693 and 8697.5 of, the Business and Professions Code, relating to structural pest control operators.

## LEGISLATIVE COUNSEL'S DIGEST

SB 662, Galgiani. Structural pest control operators: financial responsibility.

Existing law requires, in order to be allowed to do business in this state, that structural pest control operators file with the Structural Pest Control Board written evidence of an insurance policy approved by the board or a bond, as specified, in effect at the time of the issuance of the company's registration by the board. The insurance policy is required to provide minimum limits of \$25,000 for any one loss due to bodily injury, sickness, or disease, including death, sustained by a person, and \$25,000 minimum for any one loss due to injury or destruction of property, including loss of use. A violation of the financial responsibility provisions for structural pest control operators is a crime.

This bill would delete the option of obtaining a bond, in order to be issued registration by the board, to do business as a structural pest control operator. The bill would delete the requirement that written evidence of an insurance policy be filed, and increase the minimum limits for the insurance policy to \$500,000. Because the bill would expand the scope of a crime, it would create a state-mandated local program.

Existing law requires structural pest control operators to maintain a surety bond in the amount of \$4,000 in order to maintain its license or company registration. If a structural pest control operator's license or company registration is suspended or revoked, on specified grounds, the registrar of the board shall require the applicant, licensee, or registered company, as a condition of the issuance, reissuance, or restoration of the license or company registration, to file a surety bond in a sum to be determined by the registrar based upon the seriousness of the violation, but not less than \$1,000 nor more than \$8,000.

This bill would raise the amount of the surety bond, needed to maintain the license or company registration, from \$4,000 to \$12,500, and would raise the upper limits of the amount of the surety bond required for an issuance, reissuance, or restoration of the license or company registration, after a suspension or revocation, from \$8,000 to \$25,000.

This bill would also make conforming changes.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

*The people of the State of California do enact as follows:*

SECTION 1. Section 8690 of the Business and Professions Code is amended to read:

8690. The board shall not issue any company registration under this chapter unless the applicant shall have filed with the board on a form prescribed by the board evidence of an insurance policy approved by the board as specified in this article, being in effect at the time of the issuance of the company registration. This evidence shall include a provision that the board shall be given a 10-day notice by the insurance company should the policy be canceled or changed during the policy period in a manner as to affect the evidence. Another method of deposit, including a certificate of deposit, or other undertaking shall not satisfy this requirement.

SEC. 2. Section 8691 of the Business and Professions Code is amended to read:

8691. A registered company shall not engage in the practices for which it is required to be registered by this chapter unless it maintains an insurance policy as specified in this article.

SEC. 3. Section 8692 of the Business and Professions Code is amended to read:

8692. (a) An “insurance policy” as used in this article means a contract of liability insurance issued by an insurance company authorized to transact business in this state or one issued by a nonadmitted carrier whose activities in this state are controlled by

the Surplus Line Association, which insures the policyholder against loss from legal liability for damages on property upon which work is being performed or has been completed, including third-party losses, as a result of an accident or occurrence due to participation in control, prevention, or repair activities that require a license under this chapter. The insurance policy shall provide minimum limits of five hundred thousand dollars (\$500,000) for any one loss due to bodily injury, sickness, or disease, including death at any time resulting therefrom, sustained by any person, and five hundred thousand dollars (\$500,000) minimum for any one loss due to injury or destruction of property, including the loss of use of the property.

(b) This section shall not be construed to require errors and omissions insurance for all activities relating to or during inspections, inspection reports, recommendations, estimates, and bids, whether oral or written.

SEC. 4. Section 8693 of the Business and Professions Code is repealed.

SEC. 5. Section 8697 of the Business and Professions Code is amended to read:

8697. Each company registered under the provisions of this chapter shall maintain a bond executed by an admitted surety insurer in the amount of twelve thousand five hundred dollars (\$12,500). Another method of deposit, including a certificate of deposit, or other undertaking shall not satisfy this requirement.

SEC. 6. Section 8697.3 of the Business and Professions Code is amended to read:

8697.3. (a) If, after a hearing conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, a license or company registration is suspended or revoked upon the grounds set forth in Article 7 (commencing with Section 8620), the registrar shall require the applicant, licensee, or registered company, as a condition to the issuance, reissuance, or restoration of the license or company registration, to file a surety bond in the sum to be determined by the registrar based upon the seriousness of the violation, but the sum shall not be less than one thousand dollars (\$1,000) nor more than twenty-five thousand dollars (\$25,000).

(b) The bond required by this section shall be in addition to the bond required by Section 8697 of this article.

(c) Each applicant, licensee, or registered company required to maintain a bond of the type provided in this section shall post the bond with the registrar for a period of at least two years and during the additional time as there may be unsatisfied claims outstanding against the same.

SEC. 7. Section 8697.5 of the Business and Professions Code is repealed.

SEC. 8. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.





Approved \_\_\_\_\_, 2013

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*Governor*